Fidson Healthcare Plc

...We value life

FIDSON HEALTHCARE PLC

Lagos, Nigeria

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 December 2022

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Statement of Profit or Loss and Other Comprehensive Income

		2022		2021	
		Oct-Dec	Jan-Dec	Oct-Dec	Jan-Dec
	Notes	₦'000	₦'000	₦'000	₦'000
Revenue	5	9,205,994	40,634,143	9,108,208	30,860,817
Cost of sales	6	(6,514,315)	(23,452,464)	(4,930,469)	(15,757,782)
Gross profit		2,691,679	17,181,679	4,177,739	15,103,035
Other operating income	7	132,659	817,484	184,489	596,552
Administrative expenses	8	(446,731)	(5,711,348)	(1,942,524)	(6,416,079)
				-	
Selling and distribution expenses	9	(1,343,332)	(4,905,793)	(845,581)	(3,421,283)
Operating profit		1,034,276	7,382,021	1,574,123	5,862,225
Finance costs	10	(479,177)	(1,765,174)	(294,948)	(1,222,299)
Finance income	11	31,092	65,423	19,764	77,718
Profit before tax	12	586,191	5,682,270	1,298,939	4,717,644
Income tax provision	13a	109,483	(1,546,742)	96,255	(997,731)
Profit for the Period		695,675	4,135,528	1,395,194	3,719,913
Other comprehensive income: (OCI)					
Items to be reclassified to profit or loss in subsequent years:					
Fair value profit on available for sale			(230)		70
financial instruments	34			-	
Net other comprehensive income to be reclassified to profit or loss		-	(230)	-	70
Items not to be reclassified to					
profit or loss in subsequent years:					
Re- measurement gain on defined benefit plans	26	33,851	33,851	-	20,011
Income tax effect	13c	(10,155)	(10,155)	-	(6,004)
Net other comprehensive income not to be reclassified to profit or loss		23,696	23,696	-	14,007
Other comprehensive income, net of tax		23,696	23,466	-	14,007
Total comprehensive income, net of tax		719,370	4,158,993	1,395,194	3,733,920
Earnings per share – basic (in kobo)					
Basic and diluted		26	181	67	178

Statement of financial position
As at 31 December 2022

		Dec-22	Dec-21
ASSETS	Notes	₦'000	₦'000
Non-current assets			
Property, plant and equipment	14	19,571,202	14,892,994
Right of use assets	15	368,408	486,271
Investment property	16	-	31,823
Intangible assets	17	23,544	21,722
Available- for-sale investments	18a	4,800	5,030
Loans and receivables	18b	14,692	14,027
Other non-current financial asset	19/19a	174,542	173,162
		20,157,188	**15,625,029**
Current assets			
Inventories	20	14,606,785	11,154,535
Trade and other receivables	21	4,202,109	2,979,867
Prepayments	22	1,846,063	1,389,825
Cash and cash equivalents	23	2,115,137	1,956,154
		22,770,095	**17,480,381**
Total assets		**42,927,283**	**33,105,410**
Equity and liabilities			
Equity			
Issued share capital	32	1,147,498	1,043,180
Share premium	33	4,829,614	4,933,932
Retained earnings		10,866,485	7,774,138
Available for sale reserve	34	355	585
		16,843,953	13,751,835
Non-current liabilities			
Interest bearing loans and borrowings	24	5,717,102	6,210,729
Obligation under Finance Lease	25	-	63,590
Retirement benefit obligation	26	263,602	268,185
Government grant	27	651,803	660,764
Deferred revenue	28	-	1,583
Deferred tax liability	13c	1,187,219	1,177,063
		7,819,726	8,381,914
Current liabilities			
Trade and other payables	29	7,015,723	4,447,130
Interest bearing loans and borrowings	24	5,900,819	2,200,119
Bank Overdraft	23	290,004	259,662
Other financial liabilities	30	3,000,000	2,150,000
Obligations under Finance Lease	25	55,582	87,350
Government grant	27	346,595	356,651
Deferred revenue	28	-	3,167
Income tax payable	13b	1,546,742	1,379,367
Unclaimed dividend	31b	108,140	88,215
		18,263,604	10,971,661
Total liabilities		26,083,330	19,353,575
Total equityand liabilities		42,927,282	33,105,410

SIGNED ON BEHALF OFTHE BOARD OF DIRECTORS ON 24 JANUARY 2023

Fidelis Ayebae	**Abiola Adebayo**	**Imokha Ayebae**
Managing Director/CEO	**Deputy Managing Director**	**Finance Director**
FRC/2014/CIANG/00000002376	**FRC/2013/PSNIG/00000002162**	**FRC/2021/001/00000023145**

Statement of Changes in Equity

	Share capital	Share premium	Retained earnings	Available-for–sale reserve	Total
	₦000	₦000	₦000	₦000	₦000
At 1 January 2021	1,043,180	4,933,932	4,561,808	515	10,539,435
Profit for the year	-	-	3,719,913	-	3,719,913
Other comprehensive income for the year, net	-	-	14,007	70	14,077
Total Comprehensive Income for the year	-	-	3,733,920	70	3,733,990
Dividends (Note 32)	-	-	(521,590)	-	(521,590)
At 31 December 2021	1,043,180	4,933,932	7,774,138	585	13,751,835
At 1 January 2022	1,043,180	4,933,932	7,774,138	585	13,751,835
Bonus Issue	104,318	(104,318)	-	-	-
Profit for the year	-	-	4,135,528	(230)	4,135,298
Other comprehensive income for the year, net	-	-	-	-	-
Total Comprehensive Income for the year	-	-	4,135,528	(230)	4,135,298
Dividends (Note 32)	-	-	(1,043,180)	-	(1,043,180)
At 31 December 2022	1,147,498	4,829,614	10,866,485	355	16,843,952

Statement of Cash Flows

	Notes	Dec-22 ₦'000	Dec-21 ₦'000
Operating activities:			
Profit before tax		5,682,270	4,717,644
Adjustments to reconcile profit before tax tonet cash flows			
Depreciation of property, plant and equipment	14	848,255	654,108
Depreciation - Right of use assets	15	88,451	105,850
Impairment loss	8	1,437	245,050
Gain on disposal of plant, property andequipment	7	(34,228)	(83,264)
Net exchange difference	8	758,597	2,277,599
Depreciation of investment property	16	536	919
Grant income	7	(706,658)	(474,951)
Amortisation of Intangible assets	17	55,528	40,358
Interest income on loans and receivables	11	(665)	(36,898)
Interest income on other non Current Asset	11	(17,215)	(11,730)
Interest income on fixed deposit	11	(13,265)	(25,090)
Finance costs	10	1,765,174	1,222,299
Employee benefit expense	26	23,696	20,011
Amortisation of deferred revenue	28	(4,750)	(3,167)
Changes in working capital:			
(Increase)/ decrease in trade and other receivables	21	(702,181)	(248,595)
Decrease / (increase) in prepayments	22	(456,238)	(1,093,514)
(Increase)/ Decrease in inventories	20	(3,908,552)	(4,291,199)
Increase in government grant	27	(19,016)	(165,062)
increase in other financial liabilities	30	850,000	2,150,000
(Decrease)/increase in trade and other payables	29	2,568,593	2,269,566
		6,779,770	7,269,934
Income tax paid	13b	(1,379,367)	(116,039)
Benefits paid	26b	(4,583)	(3,958)
Net cash flow from operating activities		5,395,820	7,149,937
Cash flows from investing activities:			
Purchase of property, plant & equipment	14	(6,613,566)	(2,646,191)
Addition of right of use assets	15a	-	-
Additions to intangible assets	17	57,350	(38,550)
Interest received	11	13,265	25,090
Interest income on other non Current Asset	11	17,215	11,730
Proceeds from sale of property, plant and equipment		1,175,000	570,166
Investment in other financial assets	18c	520,252	-
Liquidation of investment in other financial asset	19	(174,542)	-
Liquidation of investment in other financial asset	19	173,162	-
Net cash utilised by investing activities		(4,831,865)	(2,077,755)
Cash flows from financing activities:			
Payments of finance lease liabilities	25	(95,359)	(109,501)
Interest paid on loans & borrowings	10	(1,765,174)	(1,222,299)
Dividend paid	31	(1,043,180)	(512,590)
(Payment)/refund of unclaimed dividend	32b	19,925	49,278
Proceed from loans & borrowings	24a	5,019,826	3,500,000
Loan repayment	24a	(1,812,754)	(5,776,105)
Net cash from financing activities		323,284	(4,071,217)
Net increase/(decrease) in cash and cash equivalents		887,239	1,000,965
Net foreign exchange difference		(758,597)	(2,277,599)
Cash and cash equivalents at the beginning of the year		1,696,492	2,973,125
Cash and cash equivalents at the end of the Period	23	1,825,134	1,696,492

Notes to the financial statements.

1.0 Corporate information.

The Company was incorporated as a private limited liability Company on 13 March 1995 and commenced business activities on 15 March 1995. The principal activities of the Company include manufacturing and distribution of pharmaceutical products. The Company's shares were quoted the Nigerian Stock Exchange on 5 June 2008. The issued share capital is held as to 38.86% directly by the Directors, 5.74% indirectly by the Directors and 54.94% by the Nigerian Public.

1.1 Composition of the financial statements

The Financial statements are drawn up in Naira, the functional currency of Fidson Healthcare Plc. In accordance with IFRS accounting presentation, the Financial Statements comprise:

• Statement of Profit or Loss and Other Comprehensive Income
• Statement of Financial Position
• Statement of Changes in Equity
•Statement of Cash flows
• Notes to the Financial Statements.

1.2 Financial period

These Financial Statements cover the financial period 31 December 2022 with comparative amounts for the year ended 31 December 2021.

2.0 Significant accounting policies

2.1 Basis of preparation and measurement

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for certain available–for-sale financial assets which have been measured at fair value. The financial statements are presented in the Nigerian Naira and all values are rounded to the nearest thousands (₦'000), except when otherwise indicated.

2.2 Summary of significant accounting policies

The following are the significant accounting policies applied by the Company in preparing its financial statements:

Notes to the financial statements.

2.2.1 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sell or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.2.2 Fair value measurement

The Company measures some financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost are disclosed in Note 41a.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the financial statements.

2.2.2 Fair value measurement (cont'd)

A fair value measurement of a non-financial asset considers a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the relevant observable inputs and minimizing the use of unobservable inputs. Refer to Note 42b for fair value hierarchy.

2.2.3 Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.
Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is

The Company recognises revenue from the following major sources:

- Sale of Ethical Products
- Sale of Over the Counter (OTC) products.
- The Company also recognises revenue from manufacturing pharmaceutical products on behalf Of it customers. The performance obligation is the type of contact involves the delivery of Finished pharmaceutical drugs to its customers. Revenue is recognised overtime for the type Of contract.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Interest income

For all financial instruments measured at amortised cost, interest income or expense is recognised using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter year, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.
Dividends
Dividends are recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

2.2.4 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Notes to the financial statements.

2.2.4 Government grants (cont'd)

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy in Note 2.2.12 (ii).

2.2.5 Taxes

Current income tax
The income tax assets or liabilities for the current year are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA) 2007 at 30% of total profit after deducting capital allowances and loss relief. Education tax is also assessed at 2% of the assessable profits.

Current income tax relating to items recognised outside the profit or loss are recognised outside profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the financial statements.

2.2.5 Taxes (cont'd)

Deferred tax (cont'd)

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that.
- the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax on items recognised in the profit or loss is also recognised in the profit or loss, while deferred tax on items recognised outside the profit or loss is also recognised outside the profit or loss.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of Value Added Tax (VAT), except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.2.6 Foreign currency transaction

Foreign currency transactions are converted into the functional currency, the Nigerian Naira at the rate of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency interbank rate of exchange ruling at the reporting date in accordance with the Central Bank of Nigeria guidelines. Any exchange gains or losses arising on settlement or translation of monetary items are recognised in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Notes to the financial statements.

2.2.7 Property plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, net of accumulated depreciation and/or accumulated impairment loss, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long term projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, such parts are recognised as individual assets with specific useful lives and depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful lives. Land and capital work-in-progress are not depreciated. The attributable cost of each item of capital work-in-progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. The normal expected useful lives for the major categories of property, plant and equipment are:

	Years
Land	Nil
Buildings	50
Plant and machinery	4 to 25
Office equipment	4 to 10
Furniture and fittings	8
Motor vehicles	4 to 6
Capital work-in-progress (WIP)	Nil

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets 'residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.
Impairment reviews are performed when there are indicators that the carrying amounts may not be recoverable.

Impairment losses and reversals of impairment losses are recognised in the profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements.

2.2.8 Leases

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

Notes to the financial statements.

2.2.8 Leases (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component based on the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as a lessee

Finance leases transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset.

The assets are measured at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss.

The capital element of assets under finance lease is capitalised along with the Company's property, plant and equipment and depreciated at the same rates for assets of that category, or over the lease term, where the lease term is shorter than the assets' useful lives.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Notes to the financial statements.

2.2.8 Leases (cont'd)

Leases – as a lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Company applies IFRS 15 to allocate the consideration under the contract to each component.

2.2.9 Borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

2.2.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

The investment properties are subject to annual depreciation charge of 2% on a straight-line basis.

If Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the profit or loss in the year of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. Owner-occupied property becomes an investment property, the Company accounts for such property in accordance withthe policy stated under property, plant and equipment up to the date of change in use.

Notes to the financial statements

2.2.11 Intangible assets

Product licenses are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The Company makes upfront payments to purchase product licences. The product licenses are held on various pharmaceutical products sold by the Company and have licence years that range from 2 to 5years. The licences may be renewed by the Company at the expiration of the license period.

Intangible assets with finite lives are amortised over the useful economic lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Amortisation is calculated using the straight–line basis to write down the cost of intangible assets to their residual values over their estimated useful lives.

An intangible asset is derecognised on disposal or when no future economic benefit is expected from use or disposal. The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds and the carrying amount of the intangible asset and recognised in the statement of profit or loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- It is probable that the asset will generate future economic benefit.
- The availability of resources to complete the asset.

Following the completion of research and development, it is transferred to another asset which is then depreciated, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit.

Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Licences

The Company made upfront payments to purchase licences. Licences for the use of intellectual property are granted for periods ranging between five and ten years depending on the specific licences.

Notes to the financial statements.

2.2.11 Intangible assets (cont'd)

Trademark
The Company made upfront payments to purchase trademarks. The trademarks have been granted for a period of 5-10 years by the relevant government agency with the option of renewal at the end of this period. Licences for the use of intellectual property are granted for periods ranging between five and ten years.

A summary of the policies applied to the Company's intangible assets is, as follows:

	Licences	**Trademarks**	**Software**
Useful lives	Finite (Over 5 years)	Finite (Over 5-10years)	Finite (Over 4 years)
Amortisation method used	Amortised on a straight-line basis over the period of the licence amortisation	Amortised on a straight-line basis over the period of the trademark amortisation	Amortised on a straight-line basis over the period of the software amortisation
Internally generated acquired	Acquired or	Acquired	Acquired

2.2.12 Financial instruments

(i) Financial assets
A financial asset is any asset that is:

- cash.
- an equity instrument of another entity.
- a contractual right to receive cash or another financial asset (e.g., receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to GSK (e.g., derivatives resulting in an asset, bonds, and investments)

(ii) Financial liability
A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g., payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company (e.g., payables, loans and derivatives resulting in a liability).

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(iii) Amortised cost

Most of Fidson's financial assets and liabilities are measured at amortised cost, including, most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss as finance costs.

(iv) Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

(v) Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

(vi) Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables.
- The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vi) Expected credit loss allowance (cont'd)

a) The simplified impairment approach

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. Fidson uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as Distributors, Sales representatives, and Institutions.

b) The general impairment approach.

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required. "

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology.
- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(vii) Impairment on available-for-sale financial investments

Available-for-sale financial assets are impaired if there is objective evidence of impairment, resulting from one or more loss events that occurred after initial recognition but before the reporting date, that have an impact on the future cash flows of the asset.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the year in which the fair value has been below its original cost.

When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the profit or loss – is reclassified from equity and to the profit or loss. Impairment losses on equity investments are not reversed through the profit or loss; increases in their fair value after impairment are recognized in other comprehensive income.

(viii) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

  (a) the Company has transferred substantially all the risks and rewards of the asset, or

  (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

  When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Company's continuing involvement in it.

  In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Notes to the financial statements.

2.2.12 Financial instruments (cont'd)

(ix) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

(x) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.2.13 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials are stated at purchase cost on the weighted average basis.
- Finished goods and work in progress: Cost in this case consists of direct purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present condition and location. Finished goods are valued using weighted average cost
- Goods in transit are valued at the invoiced price.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2.14 Impairment of non-financial assets

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the financial statements.

2.2.14 Impairment of non-financial assets (cont'd)

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

2.2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less, as shown in the statement of financial position, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

2.2.16 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is recognized in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.2.17 Pension and other post-employment benefits

Retirement benefit Schemes

The gratuity scheme is a defined benefit plan. The cost of providing the benefits under the defined benefit plan is determined using the projected unit credit method.

Actuarial gains and losses are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year in which they occur. Actuarial gains and losses are not reclassified to the profit or loss in subsequent years.

Notes to the financial statements.

2.2.17 Pension and other post-employment benefits (cont'd)

Pension

The Company operates a defined contribution plan in line with the provisions of the Pension Reform Act 2014 as amended. This plan is in proportion to the services rendered to the Company by the employees with no further obligation on the part of the Company. The Company and its employee contribute 10% and 8% respectively of employees' current salaries and designated allowances to the scheme. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is recorded as personnel expenses in the profit or loss.

Past service costs are recognized in the profit or loss on the earlier of:

- the date of the plan amendment or curtailment, and
- the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs and gains and losses on curtailments
- Net interest expense or income

Short term benefits

Short term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short term cash-bonus plans if the Company has a present and constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

2.2.18 Dividends

Dividends on ordinary shares are recognised as a liability when they are approved by the Company's shareholders at the Annual General Meeting. Dividends are recognised, when they are paid. Dividends for the year that are approved after the reporting date are disclosed in the financial statements as a non-adjusting event.

Notes to the financial statements.

2.2.19 Segment reporting

For management purposes, the Company is organised into business units based on its products and has two reportable segments as follows:

- The over-the-counter segment, which represent the products that may be sold directly to the consumer without a prescription.
- Ethical products segment, which are drugs, injectables and infusion which would be sold to the consumer only on the possession of a valid prescription.
- Consumer segment, which represent consumer healthcare product.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue and cost of sales. The Executive Management Committee monitors the operating results of the whole business for the purpose of making decisions about resource allocation and performance assessment.

2.2.20 Dealing in Securities by insiders

The company's directors are constantly reminded, and they are aware of the restrictions imposed on them with regards to trading in the shares of the Company during closed periods. The policy in place is obeyed by the Directors and other senior employees who by virtue of their position constantly meet price sensitive information.
Enquiries have been made and it is hereby stated that in respect of this financial statements submitted in the course of the year under review none of the Directors violated the rules relating to securities trading.

3 .0 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future years.

4.0 Application of new and revised International Financial Reporting Standards (IFRSs)

New and amended IFRS Standards that are effective for the current year

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7.

In September 2019, the IASB issued *Interest Rate Benchmark Reform* (*Amendments to IFRS 9, IAS 39 and IFRS 7*).

These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments is not relevant to the Company given that it does not apply hedge accounting to its benchmark interest rate exposures

Notes to the financial statements.

5 Revenue

	Dec-22	Dec-21
	₦'000	₦'000
Sales of goods		
Ethical	26,821,989	20,109,605
Over-The-Counter (OTC)	11,959,223	10,633,846
Consumer Healthcare Product	1,852,923	117,366
	40,634,135	30,860,817

Revenue represents total value of goods invoiced to third parties locally and contract manufacturing.

6 Cost of sales

	Dec-22	Dec-21
	₦'000	₦'000
Ethical	12,446,285	7,952,280
Over The Counter (OTC)	5,549,473	5,453,662
Consumer Healthcare Product	1,414,367	72,499
Depreciation of factory PPE (Note 14)	578,106	569,922
Energy	1,447,290	549,226
Personnel Cost	1,157,200	625,483
Other Factory Overheads	859,743	534,710
	23,452,464	15,757,782

7 Other operating income

	Dec-22	Dec-21
	₦'000	₦'000
Amortisation of government grant	706,658	474,951
Other operating income	38,968	5,763
Gain on disposal of property, plant and equipment	34,228	83,264
Rental income	4,750	3,167
Sale of scrap	32,880	29,407
	817,484	596,552

		Dec-22	Dec-21
		₦'000	₦'000
8	**Administrative expenses**		
	Association and Membership	6,950	12,940
	Audit fee	17,500	14,000
	Conferences and Workshop	4,744	3,209
	Consultancy fees	135,582	120,161
	Corporate social responsibility	204,584	113,930
	Depreciation and amortisation (Note 8a)	414,664	231,313
	Diesel and fuel	165,406	60,116
	Exchange loss	758,597	2,277,599
	Insurance	157,842	110,510
	Legal	4,822	10,558
	Office supplies	17,328	25,929
	Personnel costs (Note 8b)	2,402,437	1,936,207
	Printing & stationery	86,060	115,741
	Repairs and maintenance	214,339	303,325
	Outsourced Cleaning and Security Expenses	44,687	45,512
	Telephone & postage	76,413	53,351
	Training	82,351	40,652
	Travelling & Entertainment	367,027	198,380
	Permit and Dues	53,511	87,765
	Auxilliary materials & Tools	141,422	115,531
	Canteen expenses	101,659	87,982
	AGM Expenses	12,052	4,656
	Directors Expenses	41,970	47,290
	Bank administrative fee	197,963	154,366
	News papers and periodicals	3	6
	Impairment (Trade and other receivables)	1,437	245,050
		5,711,348	6,416,079

		Dec-22	Dec-21
8a	**Depreciation and amortisation**	₦'000	₦'000
	Depreciation of property, plant and equipment (Note 14)	848,255	654,108
	Depreciation of Rights of use assets (Note 15)	88,451	105,850
	Depreciation of property, plant and equipment included in cost of sales (Note 6)	(578,106)	(569,922)
		358,600	190,036
	Depreciation of investment property (Note 16)	536	919
	Amortisation of intangible assets (Note 17)	55,528	40,358
		414,664	231,313
8b	**Personnel costs**		
	ITF Contribution	33,036	19,695
	Gratuity	23,696	20,011
	Pension cost	63,060	56,331
	Salary and wages	2,282,645	1,840,170
		2,402,437	1,936,207
9	**Selling and distribution expenses**		
	Promotion and advertisement	1,400,441	663,261
	Logistics expense	1,326,303	838,421
	Sales expenses	2,179,049	1,919,601
		4,905,793	3,421,283

		Dec-22	Dec-21
		₦'000	₦'000
10	**Finance cost**		
	Interest on bank loans	1,743,476	1,183,768
	Interest on finance lease	21,699	38,531
		1,765,174	1,222,299
11	**Finance income**		
	Interest earned on loans and receivables	65,423	77,718
		65,423	77,718
12	**Profit before tax**		
	This is stated after charging:		
	Amortisation of intangibles	55,528	40,358
	Audit fee	17,500	14,000
	Depreciation of property, plant and equipment	848,255	654,108
	Depreciation of right of use assets	88,451	105,850
	Depreciation of investment property	536	919
	Personnel costs	2,402,437	1,936,207
	Exchange loss/(gain)	758,597	2,277,599

13 **Taxation**

13a Income tax expense

The major components of income tax expense for the period ended 31 December 2022

	Dec-22	Dec-21
Current income tax:	₦'000	₦'000
Current year income tax charge	1,340,569	1,221,532
Current education tax charge	206,173	153,450
Total current tax	1,546,742	1,374,982

The quarter 4 tax provision represent the write back of amount overprovided in the first 3 quarter of the year.

		Dec-22	Dec-21
13b	Income tax payable		
	Current tax payable	₦'000	₦'000
	At 1 January	1,379,367	120,424
	Charge for the year	1,546,742	1,374,982
	Payments during the year	(1,379,367)	(116,039)
	At 31 December 2022	1,546,742	1,379,367
13c	Deferred tax liability		
	At 1 January	1,177,063	1,548,311
	Amounts recorded in profit or loss		(377,252)
	Amounts recorded in other	-	-
	comprehensive income	10,155	6,004
	At 31 December 2022	1,187,219	1,177,063

Notes to the financial statements.

14 Property, plant and equipment

COST:	LAND	BUILDING	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT & MACHINERY	FURNITURE & FITTINGS	CONSTRUCTION WIP	TOTAL
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 31 December 2020	793,253	9,134,048	928,838	1,004,105	3,633,126	230,122	1,450,480	17,173,972
Additions		-	231,813	104,779	128,072	10,089	2,171,439	2,646,191
Disposals	(89,723)	(202,627)	(228,507)	(198,624)	(516,669)	(29,146)	-	(1,265,295)
Reclassification	79,556	(79,556)	-	-	-	-	-	-
Adjustment/Transfers	-	38,404	170,479	30,821	324,139	7,171	(571,013)	
At 31 December 2021	783,086	8,890,270	1,102,622	941,081	3,568,668	218,235	3,050,906	18,554,868
Additions	462,100	2,484,628	418,824	155,013	2,253,775	7,558	831,670	6,613,566
Disposals	(79,556)	(1,328,098)	(99,751)	(6,288)	(65,783)			(1,579,475)
Adjustment/Transfers		1,823,932	31,260	120,612	1,102,533		(3,050,836)	27,500
At 31 December 2022	**1,165,631**	**11,870,732**	**1,452,954**	**1,210,417**	**6,859,193**	**225,793**	**831,739**	**23,616,459**
DEPRECIATION :								
At 31 December 2020	-	967,674	542,418	818,104	1,312,675	145,292	-	3,786,163
Charge for the year	-	164,260	136,738	69,236	269,245	14,630	-	654,108
Transfer out	-	-	-	-	-	-	-	-
Disposal	-	(45,706)	(215,579)	(186,095)	(303,536)	(27,480)	-	(778,396)
								-
At 31 December 2021	-	1,086,228	463,577	701,245	1,278,383	132,442	-	3,661,875
Charge for the year	-	170,618	211,971	86,331	364,682	14,652		848,255
Reclassification	-	-	-	-				-
Disposal	-	(323,616)	(89,576)	(5,463)	(46,217)			(464,872)
At 31 December 2022	**-**	**933,230**	**585,972**	**782,113**	**1,596,849**	**147,093**	**-**	**4,045,257**
CARRYING VALUE:								
At 31 December 2022	**1,165,631**	**10,937,502**	**866,982**	**428,305**	**5,262,344**	**78,699**	**831,739**	**19,571,202**
At 31 December 2021	**783,086**	**7,804,042**	**639,045**	**239,836**	**2,290,285**	**85,793**	**3,050,906**	**14,892,994**

Notes to the financial statements.

NOTESTO THE FINANCIAL STATEMENTS

14.1 This represents reclassification from capital work in progress to plant and machinery

14.2 This represents reclassification from property plant and equipment to right of use aseets in line with IFRS 16.

14.3 Finance Lease – the carrying value of property, plant and equipment held under finance lease at 31 December 2022 was motor vehicles N44million, plant & machinery N249million (31 December 2021 motor vehicle N101million, plant & machinery N386million).

14.4 The company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Company at the reporting date (See Note 24). The company is not allowed to pledge or sell these assets as security for other borrowings or sell them to another entity.

15 Right of Use Assets

COST:	MOTOR VEHICLES	PLANT & MACHINERY	TOTAL
	N'000	N'000	N'000
At 1 January 2021	366,240	476,928	843,168
Additions	-	-	-
Disposals	(6,437)	-	(6,437)
Reclassification - Note 15	-	-	-
At 31 December 2021	359,804	476,928	836,732
Additions	-	-	-
Disposals	(26,027)	-	(26,027)
Reclassification	-	(27,500)	(27,500)
At 31 December 2022	**333,777**	**449,428**	**783,205**
ACCUMULATED DEPRECIATION :			
At 1 January 2021	193,187	54,787	247,974
Charge for the year	69,382	36,468	105,850
Disposal	(3,363)	-	(3,363)
At 31 December 2021	259,206	91,255	350,461
Charge for the year	54,596	33,855	88,451
Disposal	(24,115)	-	(24,115)
At 31 December 2022	289,687	125,110	414,797
CARRYING AMOUNT :			
At 31 December 2021	**100,598**	**385,673**	**486,271**
At 31 December 2022	**44,090**	**324,318**	**368,408**

The company leases motor vehicles and Plant & Machinery. The average lease term is 5 years.

Notes to the financial statements.

15.1 Amounts recognised in profit or loss	Dec-22	Dec-21
	₦'000	₦'000
Depreciation expense on right of use assets	88,451	53,026
Interest expenses on lease liabilities	21,699	21,729

There are no indications of impairment of right of use assets.

16.0 Investment Property	Dec-22	Dec-21
	₦'000	₦'000
Cost		
At 1 January	48,376	48,376
Disposal	(48,376)	
At 31 December 2022	-	48,376
Accumulated depreciation		
At I January	16,553	15,634
Charge for the year	536	919
Disposal	-17,089	
At 31 December 2022	-	16,553
Carrying amount	-	31,823

The only investment property held by Fidson Healthcare Plc is the premises used by Ecomed. The rental commenced in March 2010. The property was disposed in 2022.

	Dec-22	Dec-21
	₦'000	₦'000
Rental income derived from investment property	4,750	3,167

The company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

17.0 Intangible assets

Product licences	Dec-22	Dec-21
	₦'000	₦'000
Cost:		
At 1 January	315,279	276,729
Additions	57,350	38,550
At 31 December 2022	372,629	315,279
Amortisation		
At 1 January	293,557	253,199
Charge for the year	55,528	40,358
At 31 December 2022	349,085	293,557
Carrying amount	23,544	21,722

The product licenses are intangible assets with finite life and are amortized in line with the provisions of IAS 38. The intangible assets are tested for impairment when there are indicators of impairment in line with the provisions of IAS 36, by comparing the recoverable amount with the carrying amount at the end of the reporting period. There were no indicators of impairment during the year.

18 Financial assets

The company's financial instruments are summarised by categories as follows:

	Dec-22	Dec-21
	₦'000	₦'000
Available-for-sale financial assets (18a)	4,800	5,030
Loans and receivables (18b)	14,692	14,027
Total financial instruments	19,492	19,057

18a Available-for-sale financial assets

Quoted equity at fair value (Zenith Bank Plc)		
At 1 January	5,030	4,960
Gain/(Loss)	(230)	70
Total	4,800	5,030

Notes to the financial statements.

		Dec-22	Dec-21
		₦'000	₦'000
18b	**Loans and receivables**		
	Investment with Cardinal Stone Partners		
	At 1 January	12,304	11,190
	Additions	-	
	Drawdown	-	-
	Interest accrued	665	1,114
	Sinking Fund	1,723	1,723
	At 31 December	14,692	14,027

The amount represent investment towards gratuity payment

		Dec-22	Dec-21
		₦'000	₦'000
19	**Other non –current financial asset**		
	ALM Trustees		
	At 1 January	173,162	171,673
	Additions	-	-
	Proceeds	(173,162)	-
	Accrued interest	-	1,489
	Other Investment	-	-
	At 31 December	-	173,162

		Dec-22	Dec-21
19a	**Other non –current financial asset**	₦'000	₦'000
	Meristem Trustees		
	At 1 January	-	-
	Transfer Fro ALM Trustees	169,017	-
	Proceeds	-	-
	Accrued interest	5,525	-
	Other Investment	-	-
	At 31 December	174,542	-

		Dec-22	Dec-21
		₦'000	₦'000
20	**Inventories**		
	Finished goods	5,929,253	2,984,379
	Goods-in-transit	4,198,120	5,095,948
	Raw and Packaging materials	4,047,366	2,830,290
	Work- in- progress	93,019	71,300
	Engineering spare parts	330,774	119,548
	Promotional and Other Consumable Materials	140,046	128,862
		14,738,578	11,230,327
	Total inventory impaired	(131,792)	(75,792)
		14,606,785	11,154,535

		Dec-22	Dec-21
20a	**Impairment on inventories**	₦'000	₦'000
	at I January	(75,792)	(125,368)
	Addition	(56,000)	-
	Write off	-	49,576.00
		(131,792)	(75,792)

The company did not pledge any inventory as collateral for loans.

Notes to the financial statements.

		Dec-22	Dec-21
		₦'000	₦'000
21	**Trade and other receivables**		
	Trade receivables (Note 21a)	3,974,730	2,430,857
	Impairement loss (Note 21b)	(183,506)	(182,070)
		3,791,224	2,248,787
	Other Receivables (Note 21c)	410,885	731,080
		4,202,109	2,979,867

21a Trade receivables meet the definition of financial asset and the carrying amount of the trade receivables approximates their fair value. Trade receivables are expected to be fully collected within 1 year.

21b As at 31 December 2022, trade receivables of an initial value of ₦183miilion (2021: ₦182million) were impaired and provided for. See below for the movements in the provision for impairment of trade receivables.

	Individually impaired	Total
	'₦000	'₦000
At 1 January 2022	182,069	182,069
Addition	1,437	1,437
Write off of trade receivables	-	-
At 31 December2022	183,506	183,506
At 1 January 2021	272,825	272,825
Addition	245,050	245,050
Write off of trade receivables	(335,806)	(335,806)
At 31 Dec 2021	182,069	182,069

Notes to the financial statements.

		Dec-22	Dec-21
		₦'000	₦'000
21c.	Other receivables		
	Withholding tax receivables (WHT)	158,040	160,802
	Staff advances and other debtors	252,845	570,278
		410,885	731,080

Other receivables relate to withholding tax, value added tax receivables and staff advances. These are not interest bearing and repayment is within 1 year.

		Dec-22	Dec-21
		₦'000	₦'000
22	Prepayments		
	Advance to suppliers	1,554,422	1,233,255
	Other prepayments	291,641	156,570
		1,846,063	1,389,825

This represents advances made to suppliers for the purchase of factory raw and packaging materials. Other prepayments include prepaid advert, prepaid insurance,prepaid rent and equipment.

		Dec-22	Dec-21
		₦'000	₦'000
23	Cash and cash equivalents		
	Bank balances	2,097,321	1,108,756
	Cash at hand	15,791	4,740
	Short-term deposits (including demand and time deposits)	2,026	842,658
	Total cash and cash equivalents	2,115,137	1,956,154

Short–term deposits are made for varying years of between one day and three months, depending on the immediate cash requirements of the Company and weighted average interest rate is at 9.20%.
For the purpose of cash flows, cash and cash equivalents consist of:

	Dec-22	Dec-21
	₦'000	₦'000
Bank overdraft (Note 23.1)	(290,004)	(259,662)
Cash and cash equivalents	2,115,137	1,956,154
	1,825,134	1,696,492

23.1 Bank overdraft represents the outstanding commitment on short-term borrowings for working capital management. The bank overdrafts are secured against mortgage debenture held by a trustee. The lenders are Access Bank,FCMB and FSDH The interest on the overdraft ranges from 22– 23%.
Cash at banks in some classified account (e.g Call accounts, DSRA account and others) earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Notes to the financial statements.

		Dec-22	Dec-21
		₦'000	₦'000
24	Interest Bearing Loans and borrowings		
	(Non-current portion)		
	Bank of Industry ('BOI')(24f)	646,403	1,646,403
	First City Monument Bank - RSSF (24c)		61,947
	Bank of Industry Term Loan 3billion	2,624,349	-
	Bank of Industry ('BOI') 4 (Note 24b)	494,439	632,031
	First City Monument Bank (Note 25h)	-	-
	CBN DCRR/FCMB-working Capital(Note 24d)	-	-
	NEXIM/Fidelity-Capex(Note 24e)	624,173	950,240
	CBN DCRR/FCMB-Capex(Note 24d)	1,327,739	1,513,502
	NEXIM/Fidelity-working capital (24e)	-	1,406,605
		5,717,102	6,210,729
	(Current portion)		
	Bank of Industry ('BOI') (24f)	1,041,450	33,333
	Fidelity Bank (Note 25e)	-	-
	First City Monument Bank - RSSF (24c)	82,033	333,333
	Bank of Industry Term Loan 3billion	-	-
	Bank of Industry ('BOI') 4 (Note 24b)	162,162	166,667
	NEXIM/Fidelity-working capital (24e)	1,498,078	-
	CBN DCRR/FCMB-working Capital(Note 24d)	490,462	484,835
	CBN DCRR/FCMB-Capex(Note 24d)	298,390	178,304
	NEXIM/Fidelity-Capex (24e)	400,000	400,000
	Short term borrowings (Note 24g)	1,928,244	603,647
		5,900,819	2,200,119
	Total	11,617,921	8,410,848
24a	Reconciliation of interest bearing loans		
	At 1 January	8,410,848	10,686,952
	Interest expense	1,743,476	1,183,768
	Additions	5,019,826	3,500,000
	Principal repayment	(1,812,754)	(5,776,105)
	Interest paid	(1,743,476)	(1,183,768)
	AT 31 December	11,617,921	8,410,848

24b The BOI loan of N1bn was granted in 2019 at 10% for 84 months for capital expenditure. The fair value of the loan was obtained using estimated market rate of 18%. The difference between the loan rate and market rate accounted for a grant element of N161m. This was recognised as government grant and will be recognised in profit or loss over the duration of the loan. The moratorium on principal repayment of BOI loan has been extended by one year, this is to cushion the effect of the covid pandemic. 2% reduction in interest rate was also granted until August 31,2022 while 9% interest rate commenced September 1,2022

24c RSSF loan is a N1.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility granted to Fidson Healthcare Plc at 9% for 60 months. A fair value of the loan was obtained using estimated market rate of 17%. The difference between the loan rate and market rate accounted for a grant element of N213m which has been recognised as government grant and will be recognised over the duration of the loan. The loan was granted in 2018 for the acquisition of Gas Generators and other pharmaceutical machinery for the factory. The interest on RSSF loan was reduced to 7% to cushion the effect of the pander until August 31,2022 while 9% interest rate commenced September 1,2022

24d FCMB loan is a N2.5billion Central Bank of Nigeria (CBN) Real Sector Support Facility-Differentiated Cash Reserve Requirement granted to Fidson Healthcare PLC for 84 months. The principlal and interest shall be in twenty equal instalment and the interest shall be 9% per annum. However the CBN concessionary rate of 7% will apply till August 31,2022 while 9% interest rate commenced September 1,2022

Notes to the financial statements.

24e Nexim Loan is a N3billion Nigerian Export-Import bank loan under the direct leading scheme to Fidson healthcare PLC at the rate of 9% per annum, the loan was disbursed in two equal instalments, N1.5billion for equipment finance and the other for working capital utilization.

24f The new BOI facilies are 6-year period term loans amounting to N5billion of which the sum of N2billion was disbursed during the year 2021 while the balance was disbursed in the current year. The initial interest rate on the facility was 7% which which elapsed on August 31,2022 and 9% subsequently to the end of the facility

24g Short- term borrowings above are current and are expected to be settled within 12 months of the reporting date. The loans are import finance facilities from First City Monument Bank and FSDH Marchant Bank. The Security for the borrowings is a legal mortgage over the company's All Asset Debenture. Also included in the short term borrowing is N1.15bn Letters of Credit established by Wema Bank, yet to be debited from our account. The transaction is cash-backed and the corresponding cash balance is included in cash and bank balances as at 31 December 2022. The carrying value of short term borrowings approximates their fair value-due to the short-term nature and the fact that there were no material movement in market rates since the inception the loans.

25 **Obligation under finance lease**

The company has entered into commercial leases on certain motor vehicles. These leases have an average life of between three and five years with no renewal option included in the contracts. There are no restrictions placed upon the Company by entering into these leases.

25a Maturity analysis

	Dec-22	Dec-21
	₦'000	₦'000
Year 1	63,590	111,601
Year 2	-	62,216
	63,590	173,816
Less Unearned Interest	(8,008)	(22,876)
	55,582	150,940
Analysed as		
Current	55,582	87,350
Non Current	-	63,590
At 31 December 2022	55,582	150,941

25a Reconciliation of obligation under finance lease

	Dec-22	Dec-21
	₦'000	₦'000
At 1 January	150,941	260,441
Additions	-	-
Repayment	(95,359)	(109,500)
	55,582	150,941

26 **Retirement benefit obligation**

Net benefit expense (recognised in administrative expenses)

	Dec-22	Dec-21
	₦'000	₦'000
Interest cost on benefit obligation	-	20,011
Net benefit expense	-	20,011
Defined benefit liability	263,602	268,185

Notes to the financial statements.

26b Changes in the present value of the defined benefit obligation are as follows:

	Dec-22	Dec-21
	₦'000	₦'000
Defined benefit liability at 1 January	268,185	272,143
Interest cost	23,696	20,011
Benefits paid	(4,583)	(3,958)
Re-measurement gain on obligation (experience adjustment)	(23,696)	(20,011)
	263,602	268,185

	Dec-22	Dec-21
	₦'000	₦'000
27 Government grant		
At 1 January	1,017,415	1,182,477
Additions	731,688	168,809
Released to profit or loss	(750,704)	(333,871)
At 31 December 2022	998,399	1,017,415
Current	346,595	356,651
Non-current	651,803	660,764
	998,399	1,017,415

This represents the grant elements of the Central Bankof Nigeria intervention loans, after the loans were re-measured using the effective interest rate. The government grants have been recognised in the statement of financial position and are being amortised through the profit or loss on a systematic basis over the tenure of the loans.

	Dec-22	Dec-21
	₦'000	₦'000
28 Deferred revenue		
At 1 January	4,750	7,917
Addition	-	-
Released to the profit or loss	(4,750)	(3,167)
At 31 December 2022	-	4,750
Current	-	3,167
Non-current	-	1,583
	-	4,750

This represents deferred rental income from an insignificant portion of the Company's building held to earn rentals.

	Dec-22	Dec-21
	₦'000	₦'000
29 Trade and other payables		
Trade payables	3,849,769	1,773,060
Accruals	2,427,798	1,283,684
Other payables (Note 29a)	738,156	1,390,386
	7,015,723	4,447,130
29a. Other payables		
Other creditors	469,853	1,292,631
Withholding tax (WHT)	153,998	66,133
Nigeria Social Insurance Trust Fund (NSITF)	6,153	-
Payable to the Directors	55,833	6,022
Pay as you earn (PAYE)	37,837	15,351
Staff Cooperative	310	1,930
NHF	1,005	584
VAT Payable	511	234
Staff Pension Fund	12,657	7,501
Non Executive Directors	-	-
Outstanding due General Managers	-	-
	738,156	1,390,386

Notes to the financial statements.

Other creditors are non-interest bearing and have an average term of six months. Trade payables, and other payables meet the definition of financial liability and their carrying amounts approximate fair value because the terms and conditions of payment is within 1 year for trade and other payables.

		Dec-22	Dec-21
		₦'000	₦'000
30	**Other Current Financial Liabilities**		
	Commercial papers	3,000,000	2,150,000
		3,000,000	2,150,000

Other current financial liability is the 269days N3.0billion commercial paper raised at 12% to augment the working capital.

		Dec-22	Dec-21
		₦'000	₦'000
31	**Dividends**		
	Dividends paid and proposed	1,043,180	521,590
	Paid during the year	(1,043,180)	(521,590)
	Balance unpaid	-	-
	Dividends on ordinary shares:		
	Dividend proposed for 2021: N0.50k per share (2020 : N0.25k per share)	1,043,180	521,590

		Dec-22	Dec-21
		₦'000	₦'000
31a	**Unclaimed dividend**		
	Unclaimed dividend	108,140	88,215

Unclaimed dividend relates to dividend paid in the prior year which was returned by the registrar as they remained unclaimed by the beneficiaries.

31b **Reconciliation of unclaimed dividend**

	Dec-22	Dec-21
	₦'000	₦'000
At I January	88,215	38,937
Additions	(1,043,180)	521,590
Payment	1,043,180	(521,590)
(Payment)/refund of unclaimed dividend	19,925	49,278
At 31 December 2022	108,140	88,215

Notes to the financial statements.

		Dec-22	Dec-21
		₦'000	₦'000
32	Share capital and reserves		
	Authorised share capital		
	2,400,000,000 ordinary shares of 50k each	1,200,000	1,200,000
		1,200,000	1,200,000

	Dec-22	Dec-21
Issued and fully paid:	₦'000	₦'000
2,086,360,250 ordinary shares of 50k each	1,043,180	1,043,180
208,636,025 ordinary shares of 50k each	104,318	-
	1,147,498	1,043,180

		Dec-22	Dec-21
33	Share premium	₦'000	₦'000
	At I January	4,933,932	4,933,932
	Bonus Share of 50k each for 10 ordinary share	(104,318)	-
	At 31 December 2022	4,829,614	4,933,932

Section 120.2 of Companies and Allied Matters Act requires that where a Company issues shares at premium (i.e. above the par value), the value of the premium should be transferred to share premium.
Share premium arose as a result of premium paid on increase in share capitalof 50k from 200,000,000 to 1,500,000,000 and 1,500,000,000 to 2,086,360,250 ordinary shares in November 2007 and April 2019 respectively.
A bonus issue of 208,636,025 ordinary share of 50kobo each by way of one new ordinary share of 50 kobo for every 10 ordinary share held as at the close of business on july 8, 2022 was approved by SEC in August 2022.

34 Available for sale reserve

The reserve records fair value changes in available for sale financial asset.

	Dec-22	Dec-21
	₦'000	₦'000
At 1 January	585	515
Other Comprehensive income for the year, net	(230)	70
At 31 December 2022	**355**	**585**

Gain or loss on equity available for sale financial asset is not taxable. Hence, no deferred tax was recognised for fair value gain or loss. This is to aid any user of the financial statement not familiar with Nigerian tax laws.